



June 6, 2019

The Honorable Zack Fields
Alaska House of Representatives
Alaska State Capitol, Room 114
Juneau, AK 99801

The Honorable Jonathon Kreiss-Tomkins
Alaska House of Representatives
Alaska State Capitol, Room 411
Juneau, AK 99801

Dear Representatives Fields and Kreiss-Tomkins:

Thank you for your letter of May 30, 2019. I am happy to address your remaining question.

Your letter repeats an error made in the earlier correspondence you sent. The regulation that you have now twice referenced – 3 AAC 109.490 – does not apply to AIDEA. Rather, the regulations in Chapter 109 of Title 3 of the Alaska Administrative Code govern the Alaska Energy Authority when it is managing grants that it has made. The scope of Chapter 109 is explained in 3 AAC 109.010:

This chapter applies to procurement for construction, supplies, services, and professional services for a project conducted by the authority [the Alaska Energy Authority] in managing a grant on behalf of a grantee.

AIDEA is a different public corporation than the Alaska Energy Authority, and AIDEA is not subject to the regulations adopted for the Alaska Energy Authority. Moreover, the contract AIDEA entered into with Penney Capital, Inc. is not part of any grant the Alaska Energy Authority made, and AIDEA is not managing anything on behalf of a grantee of the Alaska Energy Authority. Chapter 109 of Title 3 of the Alaska Administrative Code has no possible application to this contract.

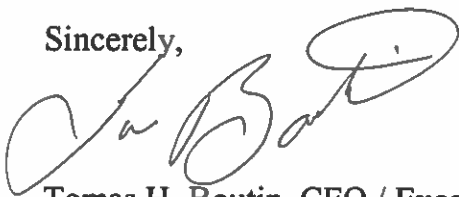
AIDEA has its own separate procurement regulations that are set out in Chapter 100 of Title 3 of the Alaska Administrative Code. In making the contract with Penney Capital, Inc., AIDEA followed the process its regulations establish for non-competitive procurements. Specifically, Penney Capital, Inc. received the contract from AIDEA only after AIDEA's procurement officer made the determination no other reasonable source for the services needed was available that could meet AIDEA's requirements and schedule. 3 AAC 100.490(a)(5).

Your letter asks whether there were no other contractors in the state with financial management credentials and contacts outside Alaska. To my knowledge, there are no such contractors that were both available to provide the requested services to AIDEA and that were capable of meeting AIDEA's schedule for these services. Although there may be other firms or individuals with considerable financial management credentials and outside contacts, those firms or individuals would have been required to drop their private sector work, commit to serve the State's interests over their private client's interests, and immediately take on setting up the New Industry Development Team. AIDEA has been unable to identify any firms or individuals with the requisite abilities and contacts who are both willing and immediately available to do this work, other than Mr. Penney's firm.

As noted previously, delay and the consequent loss of prospective opportunities for the state underlay the award of the contract to Penney Capital, Inc. on a non-competitive basis. Delay and the loss of opportunities were why AIDEA could not put the important work of the New Industry Development Team in abeyance to go through a competitive bid process. Expanding the economic base in Alaska by bringing in new businesses and expanding existing businesses is critical to moving the state forward. Each month of delay in getting this work underway is a lost chance to attend conferences, confer with investors, and pitch to outside financiers, all of which are part of the day-to-day efforts that must be pursued to gain and advance new opportunities.

I trust this adequately answers your latest inquiry. Thank you again for your letter, and thank for you for all the hard work you do as legislators. AIDEA very much appreciates the support you have given us – and are continuing to give us – in the Alaska State Legislature. AIDEA relies on your support in order to pursue the mission the Legislature created for us of advancing economic development and employment opportunities in the State of Alaska.

Sincerely,

A handwritten signature in dark ink, appearing to read 'T. Boutin', with a large, stylized loop at the end.

Tomas H. Boutin, CEO / Executive Director

cc: Commissioner Julie Anderson